

Message Text

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PAGE 01 STATE 068245

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DRAFTED BY: COM:BIC:OIM:DRHENDERSON:VMH

APPROVED BY: EB/OCA/REP:GPWILSON

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JHEAGEN/OED

NEA/PAB:MGJONES

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P R 042120Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY ISLAMABAD PRIORITY

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

UNCLAS STATE 068245

E.O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: LOCOMOTIVES AND OTHER SALES TO PWR

REF: LAHORE 0507; ISLAMABAD 3026

1. MISSION DIRECTOR'S VIEW WOULD BE TO CONTINUE EFFORTS FOR JOINT FINANCING PACKAGE PARTICULARLY IN VIEW OF THE ALCO SITUATION AS OUTLINED IN PAR. 2.

2. IN SPECIFIC RESPONSE TO YOUR REFTTEL PAR. 2, ALCO HAS REVIEWED THE POSSIBILITY OF SUPPLYING U.S. ALCO AUBURN, NEW YORK BUILT DIESEL ENGINES TO ALCO'S CANADIAN LICENSEE MLW-1 (MONTREAL LOCOMOTIVE WORKS) TO BE INCORPORATED IN LOCOMOTIVES BUILT BY THEM FOR SALE TO PWR. MLW HAS INDICATED THEIR INTEREST AND ALCO NEW YORK SALES MANAGER WILL BE MEETING WITH MLW APRIL 3-4 TO DISCUSS THIS APPROACH IN DETAIL. ALCO WOULD HOPE THAT THROUGH A JOINT EFFORT (ALCO-MLW) LOCOMOTIVE DELIVERY TIMES COULD BE SLIGHTLY IMPROVED AS WELL

UNCLASSIFIED

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PAGE 02 STATE 068245

AS AN IMPROVED SELLING PRICE.

3. ALCO HAS QUOTED ELECTRIC EXPORT IMPORT FOR 60 ALCO AUBURN, N.Y. BUILT DIESEL ENGINES TO BE INCORPORATED IN THE ROMANIAN BUILT LOCOMOTIVES. ELECTRIC EXPORT IMPORT IS A STATE TRADING AGENCY LOCATED IN BUCHAREST. ALCO THROUGH ITS PARENT WHITE MOTOR CORPORATION IN CLEVELAND HAVE BEEN INVESTIGATING THE POSSIBILITY OF OBTAINING U.S. EXPORT-IMPORT BANK FINANCING. ALCO HAS INDICATED THAT EX-IM HAS EXPRESSED FAVORABLE CONSIDERATION TO THIS REQUEST (STATE 65559).

4. WITH REGARD TO ALCO'S AUSTRALIAN LICENSEE COMENG (COMMONWEALTH ENGINEERING) LOCATED IN SYDNEY, ALCO HAS BEEN ADVISED BY COMENG MANAGEMENT THAT ALTHOUGH THEY STILL HAVE AN ACTIVE INTEREST IN THE PWR REQUIREMENT THE "SOFT LOAN" REQUIREMENTS WOULD MAKE IT DIFFICULT TO COMPETE IN THE WORLD MARKET. ALCO'S TRADE MISSION MEMBER G. WELLS WHEN IN LAHORE AND RAWALPINDI OBTAINED COPIES OF THE LOCOMOTIVE SPECIFICATIONS AND FORWARDED THE SAME TO COMENG AND AT THE SAME TIME ASKED PWR FOR AN EXTENSION OF THE BID DATE WHICH WAS DENIED AND AS A MATTER OF FACT OPENED ONE DAY EARLY ON MARCH 14.

5. ALCO CONSIDERS IT NECESSARY TO LEARN FROM THE EMBASSY AND CONSULATE LAHORE WHETHER PWR INTENDS TO ISSUE TENDER SPECIFICATIONS AND IF SO WILL ALL TENDERERS BE INVITED TO PARTICIPATE. PWR DELIVERY AND FINANCING NEEDS SHOULD ALSO BE ADVISED. BE ASSURED THAT ALCO'S INTEREST IN THIS PROJECT FOR POSSIBLE SUPPLY OF U.S. ENGINES IS OF GREAT IMPORTANCE AND THEY WILL LOOK TOWARD ANY OF THE THREE PREVIOUSLY MENTIONED POSSIBILITIES OF PARTICIPATING IN PWR'S LOCOMOTIVE REQUIREMENTS.

6. IT SHOULD BE NOTED THAT THE IMPENDING PROCUREMENT OF THESE LOCOMOTIVES REPRESENTS ONLY A FRACTION OF THE TOTAL REQUIREMENTS (PWR) OUTLINED IN THE FIFTH FIVE YEAR PLAN (75-80). CONSEQUENTLY WHATEVER WE CAN DO TO ENSURE U.S. PURCHASES AND INVOLVEMENT AT THIS STAGE SHOULD GREATLY ENHANCE THE LIKELIHOOD OF SELLING MORE EQUIPMENT, PARTS AND SERVICES TO SATISFY PWR'S ONGOING FUTURE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 068245

REQUIREMENTS.

7. AS REQUESTED IN REFTTEL LAHORE 0507 HENDERSON IS COORDINATING WITH STATE AND PAKISTAN EMBASSY TO FORMULATE A MEANINGFUL VISIT FOR AZIZ WHILE IN THE U.S. THIS APPEARS TO BE AN OPPORTUNITY WHICH HAS BEEN A YEAR IN THE MAKING AND WILL BE CAPITALIZED UPON TO THE GREATEST EXTENT POSSIBLE. RUSH

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